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26 July 1957

MEMORANDUM FOR: Comptroller

FROM : Chief, Finance Division

SUBJECT : Staff Agent - [REDACTED]

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REFERENCES : (a) Memorandum to Comptroller from Chief, Finance Division, dated 16 May 1957, Subject as above

(b) Memorandum for Chief, FD, from Chief, Section 1, Operations and Liaison Branch, dated 22 July 1957, Subject: Accountability of [REDACTED] copy attached.

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1. Reference memorandum advised your office of the financial status of subject Staff Agent and the financial deficiencies which existed in his account.

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2. [REDACTED] was made available to the Finance Division for approximately 10 working days, during which time he reviewed the financial records and documentation on file at Headquarters. A review was made for each project under his administrative and financial control with the result that unaccounted for balances now remain outstanding as follows:

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<u>PROJECTS</u>	<u>OUTSTANDING BALANCE</u>
[REDACTED]	\$ 8,917.42
	12,563.63
(Personal Account)	<u>4,331.27</u>
	\$25,812.32
Less: Refund to Agency on 20 December 1955 which could not be identi- fied as to project	<u>18,867.80</u>
UNACCOUNTED FOR BALANCE	<u>\$ 6,944.52</u>

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3. Work papers and other data used to establish accountability were made available to [REDACTED] to afford him an opportunity to present evidence to reduce accountability or to otherwise object to the computations reflected therein. [REDACTED] took no substantive objection to the findings and was unable to offer data, documentation or other explanation necessary to clear the remaining balances, except to indicate that an accounting covering travel and shipment of effects will be submitted which should liquidate his personal account (\$4,331.27).

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4. Although the balances of project advances shown above are identified to specific projects, we cannot with certainty state that these balances are

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final or that they are properly identifiable with the projects indicated because of the complete lack of accounting control and manipulation of funds through common bank accounts and the petty cash fund maintained for the project. Further, due to the lack of accounting control and commingling of funds, it was not possible to fix responsibility for funds as between [redacted] and his deputy, [redacted] (a). In this connection it should be noted that much of the material and information now made available to this Division for examination was previously withheld in accordance with terms of the project. Thus there was no prior opportunity to evaluate the financial controls in effect. Despite these factors, however, we feel that more than reasonable efforts have been expended in an effort to resolve the status of these accounts and have now concluded that nothing further is to be gained through audit processes. We must now look to the responsible officer to clear the balance established as remaining due by accountings, refunds or submittal of evidence to show that the accounts should otherwise be cleared. Informal contact with the office of audit, indicates that that office is in agreement with this conclusion.

5. Although some improvement in the control of funds utilized by these projects has been effected through adoption of recommendations submitted by a representative of the Technical Accounting Staff, it is our view that techniques for the control of cash and establishment of accountability and responsibility for the financial aspects of the project are not sufficiently well defined in the administrative plan to assure that we will be in position to prevent a recurrence of these problems. It may well be that security and the nature of the projects are such that adequate independent controls cannot be imposed and that we must continue primary reliance on the personal certification of the principal agent. The IO Division is at present developing a revised administrative plan for these projects which it is hoped will overcome problems encountered to date.

6. Responsible officials of the IO Division have participated in efforts to clear these accounts and have been furnished a copy of reference (b). In addition, attached for your signature is a proposed memorandum for the Chief, IO Division, requesting appropriate action to close this matter at the earliest practicable date.

[redacted]  
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